

# Scrutiny & Overview Committee Agenda



To: Councillor Sean Fitzsimons (Chair), Robert Ward (Vice-Chair), Leila Ben-Hassel (Deputy-Chair), Jeet Bains, Jerry Fitzpatrick and Joy Prince

Reserve Members: Jeet Bains, Robert Canning, Richard Chatterjee, Pat Clouder, Mary Croos and Andrew Pelling

A meeting of the **Scrutiny & Overview Committee** which you are hereby summoned to attend, will be held on **Tuesday, 17 November 2020 at 6.30 pm**. **This meeting will be held remotely.**

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Monday, 9 November 2020

**PLEASE NOTE:** Members of the public are welcome to remotely attend this meeting via the following web link - <http://webcasting.croydon.gov.uk/meetings/10758>

The agenda papers for all Council meetings are available on the Council website [www.croydon.gov.uk/meetings](http://www.croydon.gov.uk/meetings)

If you require any assistance, please contact Simon Trevaskis as detailed above.

## **AGENDA – PART A**

**1. Apologies for Absence**

To receive any apologies for absence from any members of the Committee.

**2. Minutes of the Previous Meeting (Pages 5 - 26)**

To approve the minutes of the meetings held on 22 July and 25 August 2020 as an accurate record.

**3. Disclosure of Interests**

In accordance with the Council's Code of Conduct and the statutory provisions of the Localism Act, Members and co-opted Members of the Council are reminded that it is a requirement to register disclosable pecuniary interests (DPIs) and gifts and hospitality to the value of which exceeds £50 or multiple gifts and/or instances of hospitality with a cumulative value of £50 or more when received from a single donor within a rolling twelve month period. In addition, Members and co-opted Members are reminded that unless their disclosable pecuniary interest is registered on the register of interests or is the subject of a pending notification to the Monitoring Officer, they are required to disclose those disclosable pecuniary interests at the meeting. This should be done by completing the Disclosure of Interest form and handing it to the Democratic Services representative at the start of the meeting. The Chair will then invite Members to make their disclosure orally at the commencement of Agenda item 3. Completed disclosure forms will be provided to the Monitoring Officer for inclusion on the Register of Members' Interests.

**4. Urgent Business (if any)**

To receive notice of any business not on the agenda which in the opinion of the Chair, by reason of special circumstances, be considered as a matter of urgency.

**5. Croydon Renewal Plan Update**

The Committee will be provided with an update on the Croydon Renewal Plan. The Committee is asked to consider what comments and any recommendations to make prior to the Croydon Renewal Plans' consideration by Cabinet on 25 November 2020.

**6. Membership of the Scrutiny Sub-Committees (Pages 27 - 28)**

The Committee is asked to confirm the changes to the membership of the Scrutiny Sub-Committees, as set out in the report.

**7. Exclusion of the Press and Public**

The following motion is to be moved and seconded where it is proposed to exclude the press and public from the remainder of a meeting:

“That, under Section 100A(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for the following items of business on the grounds that it involves the likely disclosure of exempt information falling within those paragraphs indicated in Part 1 of Schedule 12A of the Local Government Act 1972, as amended.”

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# Public Document Pack Agenda Item 2

## Scrutiny & Overview Committee

Meeting held virtually on Wednesday, 22 July 2020 at 6.30 pm via Microsoft Teams

This meeting was webcast and is available to view on the Council website

### MINUTES

- Present:** Councillors Sean Fitzsimons (Chair), Robert Ward (Vice-Chair), Leila Ben-Hassel (Deputy-Chair), Richard Chatterjee (reserve for Councillor Jeet Bains), Jerry Fitzpatrick and Joy Prince
- Also Present:** Councillors Simon Hall, Paul Scott and Manju Shahul-Hameed
- Apologies:** Councillor Jeet Bains

### PART A

#### 26/20 **Minutes of the Previous Meeting**

The minutes of the joint meeting held with the Health & Social Care Sub-Committee on 26 May 2020 were agreed as a correct record.

#### 27/20 **Disclosure of Interests**

There were no new disclosures of interest made at the meeting.

#### 28/20 **Urgent Business (if any)**

There was no urgent business for this meeting.

(**Note:** At the meeting the Committee agreed to change the running order of the meeting to take the Croydon Economic Agenda item after the update on the Council's response to the Covid-19 pandemic. The minutes are presented in the original running order to correspond with the published agenda.)

#### 29/20 **Update on the Council Response to the Covid-19 Pandemic**

The Committee received an update on the Council's response to the covid-19 pandemic covering the period since the previous update provided at the Committee meeting held on 26 May 2020. The update was presented by the Chief Executive of Croydon Council, Jo Negrini, a copy of the presentation can be found on the following link –

<https://democracy.croydon.gov.uk/ieListDocuments.aspx?CIId=166&MIId=2152&Ver=4>

During the presentation the following information was noted:-

- The pandemic continued with the Council responding as needed. The Gold and Silver emergency response arrangements remained in place along with reporting into the London response arrangements.
- As services began to reopen a significant focus had been placed on the continued support for vulnerable residents who had been shielding and support for the provision of mobile testing.
- When decisions were made to reopen services the key principle was safety first, with all reopening's approved by the Director of Public Health.
- The Council's website had a full list of the services that had reopened and provisional dates for those still to open. The Waste & Recycling and Registrar's services had opened first, with parks and public toilets also now open. Access Croydon had reopened to the public using an appointments system. Six libraries were due to open later in week and preparations were being made to reopen leisure centres.
- There had been 14,814 vulnerable residents on the Government's Shielding list. 700 of these would require ongoing support once the scheme ended on 31 July. Services were working to ensure that plans were in place for these individuals from that date.
- The test and trace system would be one of the resources used to support local authorities to manage outbreaks within their local area. New powers were expected to be granted from the Government to support the work of the Director of Public Health in controlling outbreaks and preventing the spread of the virus. It was expected that these would include powers to either restrict access to or close premises, prohibit certain events and restricting access to or closing outdoor spaces.
- Croydon had received £23m in funding from the Government, but at present there was still a significant funding gap. Three submissions had been made to the Ministry of Housing, Communities & Local Government (MHCLG) setting out covid-19 related expenditure, with further submissions due to be made.
- The crisis had demonstrated that the Council was able to adapt and deliver change quickly, such as setting up a digital solution for shielding residents within days of the programme starting. The crisis had also demonstrated that community resilience in the borough was strong and existing partnerships had worked well together to provide support for vulnerable residents. Another learning point from the crisis was there was greater scope to use digital solutions than had previously been thought.
- At present there was very low numbers of positive Covid-19 cases across London, with only four new cases in Croydon in the past seven days.

Following the presentation, the Committee had the opportunity to ask questions on the information provided. The first question asked whether the Council was in a position to manage local outbreaks and whether the right level of data was being provided to allow outbreaks to be promptly identified. In response, reassurance was given that the Council had been planning from an early stage in the pandemic to manage any local outbreaks, using experience elsewhere in the country and scenario testing to continually refine these plans. At present, not all the data needed was being provided, but assurance had been given that it would be forthcoming. In the meantime, the Council was receiving data on positive covid-19 tests which could be used to identify potential outbreaks.

As recent Government guidance had made the wearing of face coverings in shops mandatory it was questioned what someone unable to wear a covering for medical reasons was able to do. It was advised that anyone unable to wear a face covering would be able to obtain an exemption. The exact process for obtaining an exemption was still to be confirmed, but it was likely that the process would involve their physician. The Public Health team worked closely with providers on the guidance and would be using a communications strategy to ensure a consistent message was disseminated. It was noted that the input from Councillor Jerry Fitzpatrick as the Council's Autism Champion would be welcomed.

As a follow up it was questioned whether support was being provided to local businesses to manage potential issues that may arise around the use of face coverings. It was advised that advice for businesses was being provided on the Council website, on the Growth Hub and through webinars.

Concern was raised about the impact of the pandemic upon the care home and domiciliary care sector, particularly how robust the sector was going forward. Information was requested on the support being provided by the Council the sector through this difficult time. It was advised that the Council had worked closely with care homes with a dedicated team in place to provide support. The Public Health team continued to work to ensure that the right level of support was in place in the event of a second wave, while all partners were working together to provide support in the event of an outbreak.

In response to a question about the provision of face coverings for shielding residents it was advised that the Council had been helping care homes and other groups with the provision of PPE throughout the crisis, but would not be able to supply the wider public without funding to do so.

It was suggested that the provision of face coverings for vulnerable people on the Shielding Programme may be something that the Government could supply. In response, it was highlighted that the Government had indicated that once the Shielding Programme ended funding for support such as food supplies may not continue. It was agreed that the issue of supplying face coverings for vulnerable residents would be taken away for further investigation and an update provided for the Committee once available.

In response to a question about the powers for local authorities over unlicensed events it was advised that these type of events were difficult to prevent, but action to address this issue was being discussed by the Local Strategic Partnership. The Police actively monitored for unlicensed events and stopped any once they became aware of them. Going forward the Council would be using its powers of dispersal in consultation with the Police, with joint communications being prepared to raise awareness.

It was agreed that further information would be provided to the Committee on whether there had been any disruption to clinical waste collections during the pandemic and whether the Council had used different methods to boost its social media messaging to ensure that its messages were being disseminated widely.

At the conclusion of the item, the Chair thanked the officers for the presentation and their engagement with the questions of the Committee.

### **Information Requests**

The Scrutiny & Overview Committee requested to be provided with the following information:-

- An update on the provision of face coverings for vulnerable residents on the Shielding Programme.
- An update on the performance of clinical waste collections during the pandemic.
- An update on methods used to boost the Council's social media messaging.

### **Conclusions**

Following discussion of this item the Committee concluded that although the uncertainty over exemptions for the wearing of face coverings was as much a national issues as a local one, effective communication from the Council with local residents, businesses and community groups was essential.

## **30/20 Scrutiny Review of Croydon Council Finances**

The Committee received two reports previously considered and approved by the Cabinet on 20 July 2020 which set out proposals for managing the financial uncertainty facing the Council in light of covid-19 expenditure. The Committee also received a presentation delivered by the Cabinet Member for Finance & Resources, Councillor Simon Hall, and the Section 151 Officer, Lisa Taylor, a copy of the presentation can be found on the following link –

<https://democracy.croydon.gov.uk/ieListDocuments.aspx?CIId=166&MIId=2152&Ver=4>

During the presentation the following information was noted:-



- Croydon Council had already been facing a challenging financial position due to underfunding which had been significantly exacerbated by the covid-19 crisis.
- The Revenue Budget Outturn for 2019-20 had ended with a £186,000 overspend which had been met from general fund reserves.
- Responding to covid-19 had created a huge increase in expenditure driven by a lot more residents requiring support as well as managing a range of new duties and responsibilities.
- As a result of the covid-19 crisis the savings originally planned for 2020-21 had been placed on hold. There had also been a significant loss of income from areas such as parking fees and rents.
- The Council had submitted three returns to MHCLG setting out all additional expenditure, missed savings and lost income resulting from the covid-19 crisis which totalled £85m. To date funding of £23.5m had been received from the Government which left a shortfall of £65.4m to be found.
- The Administration had been addressing this shortfall by looking at how the Council could deliver the same outcomes for residents with less expenditure. To achieve this a Financial Review Panel had been established which included external members to provide an independent challenge.
- A staff review was being implemented as staffing represented £174m of costs annually. There was also plans to introduce a capitalisation objective to address one off costs.

Following the presentation the Committee was given opportunity to ask questions about the information provided. The first question concerned the staffing restructure and whether any such restructure had been planned prior to the pandemic. In response, it was advised that a targeted review had been planned to look at how the Council could be more efficient. However, no restructure had been planned on the scale required as a result of the pandemic.

As a follow-up, it questioned whether there were likely to be any decisions taken that would affect service provision and if so whether these should be in the public domain. In response it was highlighted that the staffing review was currently in its consultation phase which meant that no final decisions had yet been made. There may be certain teams affected which would lead to services being delivered differently, but the current plan was to continue to deliver all services.

It was questioned whether it would be possible to deliver the same outcomes with less staff or financial resources. The Cabinet Member confirmed that service outcomes would be maintained, although services may not be delivered in the same way.

The rationale behind the decision to have a 15% target for staff reduction was queried; in particular, whether this was being applied equally across all services or not. It was highlighted that the Chief Executive, as Head of Paid Service, had authority over staffing matters. It had been decided that it was important to strike a balance between minimising the impact upon services and also sending a clear message to MHCLG that the Council was trying to achieve its budget shortfall. At the start of the process the Cabinet had outlined a number of principles which included minimising the impact upon frontline services, minimising compulsory redundancies, consulting with the unions during the process and having a flexible consultation process. It was agreed that a summary of the staff proposals would be shared with the Committee following the meeting.

It was highlighted that the budget originally set by Council in March 2020 included provision for contributing £5m to the general reserve fund, as such it was questioned whether this still achievable. It was confirmed that although it would be challenging to achieve without further funding from MHCLG the capitalisation objective would contribute towards achieving this aim.

In response to a question about whether the budget changes would be brought to a meeting of the Council, it was highlighted that Cabinet would be receiving reports at every meeting on the proposals as they were developed. At present it was forecasted that £20m of savings had been identified from the work carried out to date. An updated Medium Term Financial Strategy was likely to go to the Council in November and would be published in the public domain at the earliest possible time.

Regarding the previously identified savings of £31m in the 2020-21 budget which were no longer achievable, a breakdown of these savings was requested. It was agreed that further information would be provided to the Committee.

An update on the current status of discussions with the Government about the Council's predicted budget shortfall was requested. It was advised that discussions with the MHCLG had been proceeding on an informal basis, but were now becoming more formal. Croydon was also joining together with other London Councils to lobby the Government on behalf of local government to fill the large hole in council finances created by covid-19 expenditure.

It was confirmed that the key decisions contained in the two Cabinet reports related to recommendations 1.2 and 1.4 in the 'Responding to the Finance Challenge' report and recommendations 1.1 to 1.5 in the 'July Financial Review' report.

It was highlighted that the Institute for Fiscal Studies had stated that 7% of expenditure within the Croydon Council budget was currently spent on interest and debt repayment. As such, it was questioned whether the reserves were manageable with the escalating debt and how the risks around this were being managed. It was confirmed that the level of reserves held by the Council needed to be increased which was an aim over the next few years,

although as previously stated it would be challenging to do so this year without the Government reimbursing the covid-19 related shortfall. It was also confirmed that almost all of the Council's debt was set at a fixed rate and would not be impacted by any rate increase. Although the Croydon Park Hotel had entered administration, income continued to be received from the majority of Council rents and the income outweighed the interest paid on the Council's investment properties.

In response to a question about the support available for Council suppliers who may be experiencing difficulty during the crisis, it was advised that a Supplier Relief Programme had been put in place as a result of covid-19 which allowed suppliers to contact the Council to explore options should additional support be needed. It was confirmed that a number of businesses had already benefitted from this programme.

As a follow-up, it was questioned whether the Council was in a position to step in to continue a service should a supplier go under. It was advised that although it would depend on the individual circumstances of the service, as a general principle the Council would look to continue services where possible. As an example it was highlighted that plans were already in place to continue services should a care provider collapse.

It was confirmed that the Corporate Risk Register would be circulated to all Members by the end of July and discussions were underway to bring the register to Cabinet meetings alongside the quarterly finance reports.

In response to a question about how the budget setting process had been strengthened it was confirmed that greater officer ownership had been included starting with the work of the Finance Review Panel. The budget setting process would involve all of the Corporate Leadership Team to help identify cross-departmental savings rather than identifying savings individually. A process was also being put in place to hold managers to account for the delivery of their budget proposals.

It was also confirmed that Cabinet Members had been involved throughout the process with regular joint meetings of the Cabinet and Executive Leadership Team (ELT) being scheduled. There had also been a push to improve the availability of data with monitoring moving from a quarterly to a monthly schedule. It was emphasised that Scrutiny had an important role to play in the process, but given the uncertainty this year it was unlikely to be able to get involved any earlier in the process than the end of 2020. It was suggested that the Medium Term Financial Strategy could come to the Committee prior to Council, should the Committee wish to review it.

It was explained that the budget development process started with meetings between the Cabinet Members and ELT that would lead to a set of proposals that would continue to be refined before going to a meeting of the Cabinet for approval. Processes were being put in place to ensure that key drivers came to Cabinet a few months prior to the actual budget.

To ensure that the savings and service reconfigurations identified were delivered programme management methodology was being used with ELT reviewing progress made on a weekly basis and Political Cabinet providing regular oversight. A fixed term resource had been allocated to the Finance department to enable the production of data to identify quickly when anything went off track, allowing action to be quickly taken to address as needed. As well as savings, options to maximise income including regeneration opportunities were being considered.

It was confirmed that there was no plan to sell assets as local government account rules prevented the proceeds from the sale of assets being allocated to the general fund.

In response to a question about continuing to allocate new revenue funding it was advised that this would only be the case where the service involved could not stop. Discretionary spending had been halted and brought under greater control.

At the conclusion of the item, the Chair thanked the Cabinet Member and the Section 151 Officer for their attendance at the meeting and their engagement with the questions of the Committee. The Chair highlighted that as the two Cabinet reports included key decisions it was within the remit of the Committee to exercise the call-in function if they were not satisfied with the information provided.

### **Information Requests**

The Scrutiny & Overview Committee requested to be provided with the following information:-

1. A summary of the staffing proposals arising from the Staffing Review
2. A breakdown of £31m savings outline in the 2020-21 Budget.

### **Conclusions**

Following the discussion of this item the Committee reached the following conclusions:-

1. There was much to commend in the reports, particularly the improved budget monitoring processes, strengthening the Finance department and additional support for Cabinet Members in their roles. As such the Committee was reasonably reassured about the direction of travel and key principles informing the process.
2. The Committee was surprised to learn that the savings identified in the process so far amounted to £20m which left a significant shortfall still to be found.
3. Although there had been an effort to provide information and it was clear that officers were working hard at a fast pace, it was concluded that there was not the level of detail available to allow greater scrutiny.

4. The Committee concluded they required more information to be reassured about the judgements being made on the savings proposed and as such agreed that the key decisions contained in the two reports would be called-in. The call-in form would outline the additional information required by the Committee to provide the reassurance needed.

31/20 **Croydon Economic Recovery**

The Committee received a presentation for its consideration on the plans being put in place to support the economic recovery in the borough as it emerged from the covid-19 lockdown. The Cabinet Member for Economy & Jobs, Councillor Manju Shahul-Hameed, the Cabinet Members for Environment, Transport & Regeneration (job share), Councillor Paul Scott and the Executive Director for Place, Shifa Mustafa, delivered the presentation. A copy of which can be found on the following link –

<https://democracy.croydon.gov.uk/ieListDocuments.aspx?CIId=166&MIId=2152&Ver=4>

During the presentation the following information was noted:-

- As well as the initial health crisis created by covid-19 there was now likely to be an economic crisis as well arising from the impact of the pandemic. Partnership working would be essential to ensure the economic impact was managed as well as possible.
- There were 14,000 businesses in the borough that had been impacted by covid-19 and to date the Council had distributed £49.5m in business grants.
- Unemployment in the borough was current at 8.9%, but this could eventually rise to 14%. Additionally 18% of the working population in the borough was currently furloughed.
- The Council continued to implement the distribution of Government grants and other schemes for local businesses. Internal processes had been put in place around debt management to support businesses. The Council also continued to provide signposting and other information to businesses on an ongoing basis.
- The disadvantaged such as low earners and the under 25s were likely to be the most impacted by the crisis.
- An Economic Renewal Board had been launched to deliver a sustainable recovery from the crisis. The Board was looking at a number of themes including the town centre, district centres, employment and skills. Task and finish groups had been set up to develop future plans based upon the themes identified.

- The task and finish groups brought together a wide team of people with different experiences to workshop ideas for possible interventions in different local centres. It was recognised that each centre was different and a one size fits all approach would not work. Ideas being considered included more external sitting spaces, meeting spaces and busking spaces. It was hoped that various ideas could be trialled leading to long term positives for local centres.

The Committee had also invited Simon Maddox from the Selsdon Regeneration Group to provide an update on their work in Selsdon. It was advised that a Community Plan was being created which had involved over 1000 people from the local community to help with prioritising ideas for the local centre. One such idea that was being explored was a touchdown place for people who worked from home which was being developed through the Selsdon Baptist Church. It was highlighted that it was important to identify and manage the assets that were individual to the local area.

The Committee was given the opportunity to ask questions on the information provided. The first question concerned the distribution of the Business Grants to local businesses. It was confirmed that to date £48m had been distributed from a total fund of £60.6m. Work continued to identify the remainder of the businesses the Council had not be able to contact with visits made to businesses to establish contact. In some cases, businesses had gone out of business while others could not be identified as business rate payers in March 2020. Having difficulty contacting some of the businesses identified by the Government was a common experience for local authorities across London.

There had been some late submissions that were still being processed and other payments had been delayed due to issues such as name changes which required additional checks. If a business had followed the Government criteria when applying for the Business Grant then payment would have been made. Delays occurred when incorrect information was provided.

In response to a question about support available for local district centres it was advised that the aim of the task and finish groups was to produce a series of pick and mix interventions that local councillors and community groups could buy into. It was likely that the areas in the borough with Business Improvement Districts (BIDs) would trial interventions in the first instance to ensure they worked. It would then be for individual areas to decide which intervention feels appropriate for their area, with the possibility that some of the work could be funded by Ward Budgets.

Concern was raised about the openness of the Economic Renewal Board and how its activity would be communicated. In response, it was highlighted that when the Board had been established it had been announced by the Leader of the Council who had set out the process. It had also been publicised through social media and business networks. As the Board had been set up in response to a possible economic crisis arising from the covid-19 lockdown it was important to move quickly with initial ideas likely to be presented to councillors and community groups in the next few weeks.

Further information was requested to outline the plans for marketing Croydon to businesses and in particular the post covid-19 offer. It was advised that Croydon was being promoted as '15 Minute City' due to its close proximity to central London which would be attractive for businesses looking to relocate from more expensive central locations. It should also be recognised that Croydon had the highest number of start-up businesses in London. South Bank University was currently looking to move to the borough which would bring further investment into the education sector.

At present it was not possible to predict what the 'new normal' would look so it was essential to be flexible, but at the same time there was a need to demonstrate to people that change was happening through ideas such as the installation of new outside seating and planting. Option for using existing Council buildings such as libraries to support businesses were also being considered as well as working with landlords to bring empty spaces into use.

At the conclusion of the item, the Chair thanked that Cabinet Members and Executive Director for Place for their attendance at the meeting and their engagement with the questions of the Committee. The Chair also thanked Simon Maddox from the Selsdon Regeneration Group for attending the meeting and providing insight into community led economic activity in the borough.

## **Conclusions**

Following the discussion of this item the Committee reached the following conclusions:-

1. The Committee retained a concern about the transparency of the Economic Renewal Board and felt that there should be an aim to make it as transparent as possible to allow local businesses and the public to understand the aims of the Board and the outcomes it was delivering.
2. The Committee welcomed the confirmation that options for using existing Council buildings to provide business support were being investigated and would encourage the exploration of options for using Fairfield Halls during its closure.
3. Although it was acknowledged that the Council was marketing the borough as a place to do business and there was limited funding available to expand upon current activity, given the opportunities that may be available arising post covid-19 lockdown it would encourage the exploration of cost effective options to increase the marketing of the borough.

## **Recommendations**

The Committee agreed to make the following recommendations to the Cabinet Member for Economy and Jobs and the Cabinet Member for Environment, Transport & Regeneration (job share):-

- .....
1. That information on the Economic Renewal Board, including terms of reference, vision and an ongoing overview of activity, is published on the Council website.
  2. That options for using the Fairfield Halls for alternative means during its closure are explored.
  3. That options to increase the marketing of the borough are explored to identify cost effective solutions.

32/20 **Exclusion of the Press and Public**

This motion was not required.

The meeting ended at 10.00 pm

**Signed:**

**Date:** .....



# Public Document Pack

## Scrutiny & Overview Committee

Meeting held virtually on Tuesday, 25 August 2020 at 6.30 pm via Microsoft Teams

This meeting was webcast and is available to view on the Council website

### MINUTES

**Present:** Councillor Sean Fitzsimons (Chair), Robert Ward (Vice-Chair), Leila Ben-Hassel (Deputy-Chair), Jeet Bains, Jerry Fitzpatrick and Joy Prince

**Also Present:** Councillor Simon Hall (Cabinet Member for Finance & Resources)

### PART A

33/20 **Disclosure of Interest**

There were no disclosures of interest made at the meeting.

34/20 **Urgent Business (if any)**

There were no urgent items of business for the meeting.

35/20 **CALL-IN: Key Decisions set out in Cabinet Reports 'Responding to the Local Government Funding Challenge' and 'July Financial Review'**

The Chair of the Scrutiny & Overview Committee, Councillor Sean Fitzsimons, introduced the call-in item outlining the reasons why the key decisions set out in the two Cabinet reports, namely 'Responding to the Local Government Funding Challenge' and the 'July Financial Review' had been called in. It was confirmed that the reason for the call-in related to an insufficiency of detail in the reports to allow the Committee (see Scrutiny & Overview Committee – 22 July 2020) to reach a conclusion on whether the measures proposed were the right course of action or not. As such the call-in submission had requested a range of additional information to aid the Committee's consideration of the call-in.

The Chair explained the process for considering a call-in, confirming that the Committee needed to agree whether to review the decision and, if it decided to proceed, confirm how much time it wished to allocate for the item. The Committee agreed that it would review the decision and allocated two hours for consideration of the item.

The Chair went on to explain that there were three outcomes the Committee could reach as a result of the review. These were:-

1. That no further action was necessary and the decision could be implemented as originally intended.

2. To refer the decision back to the decision maker for reconsideration, outlining the nature of the Committee's concerns
3. To refer the decision to Council, if the Committee considered that the decision taken was outside of the Budget and Policy Framework.

The Cabinet Member for Finance & Resources, Councillor Simon Hall and the Council's Section 151 Officer, Lisa Taylor, were in attendance at the meeting to address the call-in and answer any questions arising.

The Cabinet Member was given the opportunity to respond to the call-in request and in doing so highlighted to the Committee that the current situation was unprecedented with the Council having to manage the covid-19 pandemic on top of an already challenging budget situation following ten years of austerity.

The Section 151 Officer confirmed to the Committee that at present the Council did not have a balanced budget. Although the Cabinet, the Executive Leadership Team (ELT) and the Ministry for Housing, Communities and Local Government were working together to address the budget shortfall, it could not be guaranteed that a Section 114 notice would not be issued.

The first question from the Committee related to media rumours about changes to the senior management of the Council and how any such change would impact upon the staff restructure process. In response it was advised that the Cabinet, ELT and the Corporate Leadership Team (CLT) were working together to deliver the necessary savings to balance the Council's budget. Although additional time had been added to the staff restructure process to allow the Trade Unions longer to respond, the timetable for the process was set. If there was any change within senior management then the process would continue along the already set timetable.

It was noted that in the commentary provided by the Section 151 Officer, in the additional information, assurance could not be given on the 2020-21 budget. However, it was questioned why greater assurance could be given for future years. It was advised that it was likely the budgetary issues that had arisen in 2020-21 would still need to be addressed in future years. As a result of the pandemic there was also a considerable amount of economic uncertainty which made it difficult to make longer term predictions on the budget. It was highlighted that the MHCLG was consulting with local authorities on changes to its spending rules, which indicated that they were aware there was likely to be a long term economic impact from the pandemic. Assumptions over the longer term were currently being worked upon and would inform the production of a new Medium Term Financial Strategy (MTFS) in the autumn.

As the commentary from the Section 151 Officer had changed since the Cabinet report prepared in early July, it was questioned what had happened in the interim to lead to a more cautious view on the Council's financial challenges. It was advised that the Council's financial situation was moving all the time and in the two months since the original report was prepared, factors

such as business rate and council tax returns worsening increased the risk of the Council not being able to deliver a balance budget. As such this had been reflected in the latest commentary on the budget from the Section 151 Officer, which highlighted that the risk of the Council issuing a Section 114 notice increased as the year progressed without the shortfall being found

It was questioned whether there was any link between the key savings objectives and the Corporate Plan. It was confirmed that the key principles and objectives of the Corporate Plan remained the same, but due to the urgent need for savings there would be areas that did not progress at the speed originally intended or were reduced in scope to address priorities elsewhere. It was confirmed that future reports on the budget could include a high level summary of the impact identified savings would have upon the Corporate Plan.

In response to a question about the relatively low level of reserves held by Council and how this could be addressed, it was highlighted that the General Fund Reserve had remained at £10.4m throughout the whole of austerity despite a £105m reduction in Government funding. It had been agreed in the 2020-21 budget to add £5m to the reserve this year and for the next three years. However, it was unlikely to be achieved this year given the unforeseen cost of the covid-19 pandemic, but it was still planned for the following three years which would be reflected in the MTFs. The contingency in the budget had been increased this year to £3.7m to account for normal period risks, but it was difficult to plan a contingency for an event on the scale of a global pandemic.

It was noted that the work of Financial Review Panel in helping to identify savings was an important part of the process and as such higher levels of transparency on the work of the Panel were requested. In response it was advised that the purpose of the Panel was to provide challenge to Officers and the Cabinet during the shaping of proposals, so this part of the process would not be made public. However, there had been public transparency over decisions made with reasoning provided and those affected being informed.

As a follow up it was questioned whether there could be a commitment to provide more information on the Council's website to inform the public on the ongoing financial challenge. It was advised that the website was currently being improved which made it difficult to give exact timings on when this will happen, but the provision of further information through this medium would be explored. In general, the principle of making the process more transparent for the public was accepted.

It was highlighted that the additional information provided did not give any clarity on the appraisal of options which had been requested. It was confirmed that all options considered acceptable were being implemented with the logic for these decisions provided.

As a follow up it was highlighted that the Council had undertaken transformation programmes in the past and as such what had learning from these be used to inform the current programme. It was advised that by

necessity the Council was good at delivering transformation due to its lack of reserves. One of the key lessons learnt from previous projects was to undertake the process in bite sized chunks as tackling it as a whole often led to an overly extended process.

In response to a question about the role of the Council's auditors, Grant Thornton, in the process it was advised that the Council had been working closely with them for a number of years and they had been invited to attend the Financial Review Panel as observers. The Section 151 Officer had regular conversations with the auditors throughout the year as part of the accounts process and since the covid-19 pandemic began earlier in the year there had been regular conversations about the financial pressures it had created.

It was noted that the Terms of Reference for the Financial Review Panel made reference to a letter dated 22 April 2020 sent by the auditors, Grant Thornton, to the Chief Executive. It was requested that a copy of this letter be shared with the Committee. It was confirmed that legal advice would be needed to confirm that the letter could be shared with Members.

A Member highlighted that they had been contacted by a charity in their Ward, who provided services on behalf of the Council for disabled adults, as they had received a request from the Council to repay a substantial proportion of the fee they had received for their services. It was questioned whether the Council was looking to clawback money from service providers wherever possible? In response it was advised that as part of the contract work stream the Council was looking at cases where suppliers had not provided contracted services during the lockdown to review how much was being paid. Under the Council's contracts with service providers it was often the case that the Council would not need to pay anything if contracted services were not provided. However, there had been an ongoing conversation with providers to manage this as it was importance not to destabilise the businesses involved.

Given a significant proportion of the Council's budget was spent on the Children and Adults Services, it was questioned what demand management meant for these services. It was advised that a key aim of the Localities Programme was to prevent people getting into crisis and providing step down services. Another example was the expansion of the amount of affordable housing available to keep people out of homelessness.

In response to a query about the proposed 15% staffing reduction it was confirmed that this was a 15% reduction in staff cost and not head count.

Further explanation was requested on the drivers and considerations taken into account when deciding upon the services that would be within the scope of the staffing restructure. It was advised that in the first instance the focus had been on vacancies and agency posts to reduce the impact on permanent staff. Following this the directors had reviewed their services to identify where cuts could be made, focussing on specialist roles and on areas where service demand had reduced. The process had also taken into account future demand for services as it was important not to reduce staffing to the point where the Council was unable to deliver its core functions. The core principle

behind the process had been the need to maintain core and frontline services. All staff affected had been given a number of opportunities to discuss the proposals with their line managers, there was voluntary redundancy available for those within scope and a redeployment pool had been opened for staff.

As the information provided emphasised that future capital acquisitions would be focussed towards those that provided an in-year financial benefit, it was questioned whether the Council would still be pursuing an asset investment policy. In response it was advised that given the uncertainty of the current property market it was unlikely that new transactions would be made at the present time, although it was not possible to rule it out totally.

An assessment was requested on the impact of the Council's debt, with it questioned whether the view on the debt had changed in the past few months. In response it was highlighted that the Council had an outstanding record on managing its debt, with fixed low rate loans and manageable repayments giving Croydon the lowest cost of borrowing of all London boroughs. There was also a focus on what the debt was for, with over half of it linked to specific income streams which serviced the debt. It was highlighted that there would need to be a clear purpose for any future borrowing.

It was confirmed that in the current circumstances it was important to ensure that the best return was delivered on any new borrowing, with one of the immediate measures identified being a review of the capital programme. This purpose of this would be to determine whether projects would continue, be delayed or whether funding could be found from other sources. A request was made for the Committee to be kept informed of the outcomes from the review of the capital programme.

It was questioned why the full MHCLG return had not been provided as requested by the Committee and whether the return could be subject to a Freedom of Information (FOI) request. In response it was advised that given the length of the return and how the information was provide it had been decided it would be more helpful for it to be presented as a summary. The Committee agreed that it would submit another request for copies of the full returns using the statutory access to information powers available to Scrutiny. It was advised that it would be checked with the Monitoring Officer whether the MHCLG return was subject to an FOI request and confirmed to the Committee.

It was noted in the summary of the MHCLG return that the amount recorded for unachieved savings had decreased since June from £31m to £25.1m and as such it was questioned what this could be attributed to. In response it was advised that contributions from healthcare partners to address the extra cost to the Council for the integration programme was the main reason for the reduction in the unachieved savings in the MHCLG returns. Furthermore, as the year progressed it may be possible to achieve more savings, although it would be unlikely all of the savings identified in the 2020-21 budget could be achieved, as some were based on being introduced from the start of the Council year in April. It was confirmed that the net saving to be delivered from

staff reductions after redundancy costs had been accounted for would be £2m.

As it was confirmed that the Council's risk register had not taken account of an unforeseen event such as a pandemic, it was whether the experience of recent events would be used to inform future risk management processes. It was advised that having experienced a pandemic would lead to the Council's risk management processes being re-examined, although it would always be difficult to plan for unforeseen events. It was agreed that a column could be added to the risk registers to show the interdependencies between the Corporate Risk Register and the Programme Level Register.

In response to a question about whether it would be possible to mount a legal challenge to the Government on the basis of them not providing funding for covid-19 related costs that had originally been promised, it was advised this could be explored, but it was likely to be too vague to be successful. It was confirmed that the Council had been lobbying the Government to provide extra support, as well as joining with other local authorities through the Local Government Association and London Councils.

At the conclusion of item, the Committee reviewed the discussion with a view to reaching a conclusion on which of the three outcomes (detailed above) they wanted to agree for the call-in. In this instance, although the Committee agreed that they wished to make a number of recommendations to the Cabinet (detailed below) the following outcome was reached:-

**RESOLVED:** That no further action was necessary and the decision could be implemented as originally intended.

### **Information Requests**

The Scrutiny and Overview Committee formally requests, under its rights to access information, as set out in the constitution and in Government guidance that the following information is provided to the Committee to enable them to carry out their function:

1. Copies of the most recent full return provided to the MHCLG on the Council's covid-19 related costs, and future returns.
2. A copy of the letter from the Council auditors, Grant Thornton, to the Chief Executive dated 22 April 2020.
3. To be provided, on an ongoing basis, with the financial tracker and dashboard created for the Financial Review Panel by the Programme Management Office.
4. Confirmation of how much to date had been clawed back from Council contractors due to their not being able to provide services during the pandemic.
5. In the event that the Executive do not feel able to comply with one or both of the first and second requests set out above, an email setting

out the reason for the inability to comply by close of business on 4 September.

## **Conclusions**

Following discussion of the call-in, the Committee reached the following conclusions:-

1. The Committee welcomes the frank assessment of the scale of the challenge facing the Council provided by the Section 151 Officer and the Cabinet Member and agrees that it would not be realistic for the Finance Director to offer a guarantee that a Section 114 Notice will not be served given the continued financial uncertainty.
2. As scrutiny of the Council's finances is a key role for Scrutiny (set out in the Scrutiny Guidance published in 2019) and in light of the ongoing risk of a Section 114 Notice being served, the Committee agrees that both itself and its Sub-Committees will keep a watching briefing on this year's budget for the remainder of the financial year, and will take a more active role in scrutinising the development and setting of the 2021-22 Budget.
3. The Committee concludes that the current funding gap cannot be met by in-year savings and use of balances, and will only be met through the provision of additional Government support, in conjunction with the robust savings programme being developed.
4. The Committee recognises that the Government's plans to confirm its funding settlement intentions in November at the earliest for this and future years, continues to extend the period of uncertainty for local authorities and their ability to plan or respond in year accordingly. The Committee encourages that all avenues for lobbying are explored.
5. Although the Committee recognises that the Staffing Review was needed to help address the funding gap, the Committee urges extra caution to be taken not to destabilise services provided to the most vulnerable in the community, especially in light of the Children's Service having only recently received a rating of 'Good' from Ofsted.
6. The Committee welcomes the additional time included in the process to allow the Trade Unions the opportunity to develop proposals.
7. Although it was difficult to plan for unforeseen events, such as the covid-19 pandemic, the Committee agrees that there are lessons to be learnt from the crisis which should inform the Council's future risk management processes.
8. The Committee agrees that transparency about decisions made to address the funding gap was essential for both Council staff and the

wider public to retain confidence in the Council and its ability to deliver essential services.

9. The Committee welcomes the greater financial controls introduced to address the funding gap and agreed that a robust approach to new spending will be needed on an ongoing basis going forward if the Council is to address historic underfunding and increase the level of reserves held.
10. Given the severity of the financial crisis facing the Council, the Committee was disappointed that there was no representation from the Executive Leadership Team at the meeting, notwithstanding the promise that a representative would be attending.

### **Recommendations**

The Committee resolved to recommend to the Cabinet Member for Finance & Resources

1. To enable greater transparency, the Committee requests that the Cabinet endorses the approach of the Scrutiny & Overview Committee, and its sub-committees, to keep a watching brief over the Council's finances for the remainder of the financial year, and on the budget setting process for 2021-22, and requests the allocation of sufficient support to ensure that the scrutiny of the budget is both timely and meaningful.
2. The Committee requests that they are kept informed of progress made with the Capital Programme Review, including any policy changes made as part of the review.
3. To ensure lessons are learnt the Council's risk management processes and the risk register are reviewed in light of the covid-19 pandemic to ensure that greater allowance is made for unforeseen events. The outcomes from this review should feed into the revision of the Medium Term Financial Strategy and the setting of new targets for general fund balances. As the Council is undertaking a fundamental restructuring of the organisation to aid delivery of its locality strategy, the Council should also take this opportunity to re-evaluate its organisational culture, to ensure its fitness going forward during a period of financial uncertainty.
4. That a Communications Plan is developed to ensure that there is a greater level of transparency with the general public over the budget challenges facing the Council and the action needed to address the shortfall. This should include, as a minimum, an easily accessed section on the Council's website outlining the issues facing the Council and regular updates on progress made in addressing the shortfall.



5. That the Cabinet continues to explore all avenues to lobby the Government to provide earlier and greater financial certainty for local authorities, and that regular updates on the results of lobbying are provided for the Committee.

36/20 **Exclusion of the Press and Public**

This motion was not required.

The meeting ended at 9.20 pm

**Signed:**

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**Date:**

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# Agenda Item 6

<b>REPORT TO:</b>	SCRUTINY & OVERVIEW COMMITTEE 17 November 2020
<b>SUBJECT:</b>	Membership of the Scrutiny Sub-Committees
<b>PERSON LEADING AT SCRUTINY COMMITTEE MEETING:</b>	Councillor Sean Fitzsimons – Chair of the Scrutiny & Overview Committee
<b>PUBLIC/EXEMPT:</b>	Public

## **POLICY CONTEXT/AMBITIOUS FOR CROYDON:**

A key role for scrutiny is holding the Administration to account on delivering the Corporate Plan.

[Corporate Plan for Croydon 2018-2022](#)

<b>ORIGIN OF ITEM:</b>	This item is brought to the Committee to confirm changes to the membership of its three Sub-Committees.
<b>BRIEF FOR THE COMMITTEE:</b>	The Committee is asked to confirm the changes to the membership of the Scrutiny Sub-Committees, as set out in the report.

## **1. MEMBERSHIP OF THE SCRUTINY SUB-COMMITTEE**

- 1.1. The following changes have been put forward by the Conservative Group for their membership of the three Scrutiny Sub-Committees:-

### Children & Young People Sub-Committee

Councillor Gareth Streeter to be replaced by Councillor Helen Pollard as a member of the Sub-Committee.

### Health & Social Care Sub-Committee

Councillor Andy Stranack to be replaced by Councillor Richard Chatterjee as both a member and Vice-Chair of the Sub-Committee.

Councillor Scott Roche to be replaced by Councillor Steve Hollands as a member of the Sub-Committee.

Councillor Helen Redfern to be replaced by Councillor Scott Roche as a reserve of the Sub-Committee.

### Streets, Environment & Homes

Councillor Richard Chatterjee to be replaced by Councillor Jeet Bains as both a member and Vice-Chair of the Sub-Committee.

- 1.2. Separately Dave Harvey has stood down as the Teacher Representative co-optee on the Children and Young People Sub-Committee. Josephine Copeland has been nominated as his replacement on the Sub-Committee.

- 1.3. The Committee is asked to confirm the change to the membership of its three Sub-Committees effective from the date of this meeting (17 November 2020).
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